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State Dept. declassification & release instructions on file

Diversion Control Panel Case Inventory Supplement No. 12

<u>DCP</u> <u>Case No.</u>	<u>Name</u>	<u>Reference</u>
459	Borax Switzerland/East Germany Oleine SA	Berlin D-913, 4/10/57 CA-8724, 4/19/57 CA-9532, 5/13/57 Bern D-859, 6/6/57 Bern D-862, 6/7/57

Berlin D-913 reported that Oleine SA, Zurich, shipped 25 tons of borax, of undeclared origin, to DIA Chemie East Berlin, via Austria. The matter was discussed with a Swiss official who was noncommittal as to whether Oleine had obtained blue import certificates for borax but indicated that the matter would be investigated to ascertain if there had been any violation of Swiss controls (i.e., in respect of the blue certificate). (Borax has subsequently been placed under export licensing in Switzerland and a Swiss official has indicated that exports to Soviet bloc destinations will not be permitted.)

460	Wide Band Oscilloscopes Germany/Belgium/China	Antwerp D-249, 4/26/57 DCP Control #6157, 7/15/57 CA-1524, 8/14/57 Munich D-52, 9/20/57 Munich D-61, 10/3/57
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Antwerp D-249 reported a shipment of four cases containing a wide band oscilloscope aboard the Polish vessel Elblag. Origin was given as West Germany and the declared destination as China. The goods are tentatively identified as IL 1584. U.S. posts have been asked to determine the manufacturer and additional descriptive details in order to determine whether it is actually an IL I item and any additional details concerning the shipment.

461	Diamond Smuggling, Investigative Groups	CA-9322, 5/7/57 Addis Ababa D-246, 5/24/57 Dakar D-297, 5/28/57 The Hague D-818, 6/7/57 Geneva D-460, 5/20/57 Lagos D-4, 7/5/57 Dar Es Salaam D-12, 7/17/57 Amsterdam D-197, 6/18/57 Tel Aviv D-98, 8/8/57 Antwerp D-38, 8/16/57 London D-522, 8/26/57 Cairo D-186, 8/28/57 Monrovia D-100, 9/9/57 Zurich D-27, 9/6/57 Johannesburg D-45, 9/10/57 Antwerp D-100, 9/25/57 Leopoldville D-83, 9/24/57
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Reference CA transmitted a New York Times report of the formation of an international investigative team directed by Interpol, cooperating with agents of the DeBeers syndicate

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<u>DCP</u> <u>Case No.</u>	<u>Name</u>	<u>Reference</u>
461 (con't.)		
	to combat diamond smuggling. Discussions by U.S. posts with local officials have developed general information on diamond smuggling but few details concerning the operations of the investigative team.	
462	Diamond Smuggling Brazil/Bolivia/Peru/ Dutch Guiana/French Guiana	CA-9501, 5/10/57 La Paz D-705, 5/22/57 Paramaribo D-185, 6/13/57 Rio de Janeiro D-284, 9/9/57
25X9A1		

Reference CA transmitted [REDACTED] to the effect that two Brazilian businessmen expressed the opinion that 90% of Brazilian industrial diamond production is smuggled out of the country and that a "considerable amount" find their way to the USSR through Bolivia, Dutch Guiana, French Guiana, and Peru. Embassy Rio's D-284 indicates that illegal exportation of diamonds is a standard and well-known business activity in Brazil.

463	Turkish Boracite Turkey/Spain/France	Istanbul T-1010, 6/1/57 CA-10359, 6/5/57 Madrid D-1420, 6/26/57 Istanbul D-7, 7/2/57 Ankara D-8, 7/5/57 Ankara D-68, 8/5/57 Ankara D-86, 8/14/57 CA-1821, 8/23/57 Madrid D-157, 8/28/57 Ankara D-116, 8/28/57 Paris D-357, 9/9/57 Barcelona D-23, 9/11/57
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An Istanbul minerals broker reported an approach from a party seeking to obtain "massive quantities" of Turkish boracite for the USSR, to be shipped via France, Spain and Yugoslavia. U.S. posts have been unable to identify the party, and checks in Spain and France have turned up no evidence of such attempts. Follow-up checks on specific shipment to Spain have been made by U.S. posts and there has been no reason to doubt the bona fides of these shipments. Turkey requires appropriate documentation from Spanish, Swiss, Yugoslav, and PC authorities in connection with Boracite exports.

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DCP Case No.	Name	Reference
464	Nickel Italy/Austria/Yugoslavia Karol Kranjc/Franz Rudolf Mueller/ Joze Soba	DCP Control #6154, 6/19/57 CA-873, 7/25/57 CA-1014, 7/30/57 Milan D-22, 8/14/57 Basel D-19, 8/16/57 Ottawa D-142, 8/20/57 Bern D-165, 8/30/57 Zurich D-22, 9/4/57 Trieste D-18, 9/6/57 Rome D-324, 9/10/57 Milan D-48, 10/1/57
25X9A1		

[REDACTED] Kranjc and Mueller arranged the purchase of 3,200 kilograms of nickel on the London market, which was sent to Zurich Switzerland and then to Yugoslavia for shipment to the USSR. Kranjc and Soba are said to be members of the Yugoslav Economic Delegation in Trieste. The matter is still under investigation, and there may be more information forthcoming concerning the Yugoslav Economic Delegation in Trieste.

465	25X1C	Bunker "C" Oil Venezuela	CA-10822, 6/20/57 Antwerp D-1, 7/2/57 CA-242, 7/8/57 Antwerp D-16, 7/17/57 Rotterdam D-31, 8/8/57 Curacao D-74, 9/27/57
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The Department of State received from an American businessman unevaluated information concerning allegedly "vast quantities" of Venezuelan Bunker "C" oil (IL III) being diverted to Soviet Bloc countries via Hamburg or Antwerp. Although arrivals of the tankers (Andre Broevig and "Baron" or "Wave Baron") have been checked by U.S. posts, there has been no confirmation that the reported diversion to the Bloc has taken place.

466	Tantalum Plate and Wire, Nickel Wire W.Germany/Sweden/Switzerland/ Czechoslovakia/E.Germany Heinz Folsch/Hans Wolff	Berlin D-46, 7/17/57 Berlin D-103, 8/9/57 Hamburg D-38, 8/21/57 Berlin D-147, 8/27/57 Berlin D-173, 9/11/57 Berlin D-180, 9/13/57 Berlin D-185, 9/17/57 POLTO A-100, 9/21/57 Hamburg D-70, 9/27/57 Berlin D-239, 10/7/57 Berlin D-262, 10/17/57
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The complexity of the routing reported for these shipments and the previous activities of the individuals involved strongly indicate diversion (of three shipments).

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466 (Con't.)

A Hamburg customs officer with whom GONGEN Hamburg discussed the matter indicated that an investigation would be begun, and he expected cooperation from Swedish authorities. The tantalum plates were shipped by Heraeus Hanau to the Lager-und Speditionen G.m.b.H., Hamburg. From Hamburg they were shipped to Stockholm (or possibly Malmo) thence to General Transport, Basel. From Basel they were shipped to Zurich, thence by air to Prague. From Prague the material was sent to East Germany, probably to DIA in East Berlin.

Although proposed refinements in the IL I definition of tantalum have not yet been approved by COCOM, there is informal agreement among key delegations (including German) that tantalum wire and plates are covered by IL 1670. (Surgical tantalum plates are subject to a \$100 cut-off.)

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Borax

Switzerland/W.Germany/E.Germany
Panchemie/DIA-Chemie

Berlin D-97, 8/7/57
CA-1639, 8/6/57
Bonn T-584, 8/20/57
Berlin D-142, 8/23/57
Berlin D-150, 8/28/57
Bern D-234, 9/26/57

Berlin D-97 reported the shipment of 60 tons of borax (in 3 shipments) by Panchemie, Luzern, to Dia-Chemie, East Berlin. The routing of the first shipment was by way of Gutenfurst in Bavaria, W. Germany. The second shipment was routed via Basel. The information was brought to the attention of W. Germany authorities who indicated they would investigate the case. Embassy Bern discussed the case with a Swiss official (the Swiss having established August 15 a new export control regulation for borax). It is believed that the second shipment may have been a transit shipment (without blue certificate) through Basel, Panchemie acting as agent for the end-user in East Germany.

468

Tetraethyl Lead

25X9A1

Italy/Yugoslavia/Austria/Czechoslovakia
Joze Soba

CA-1800, 8/22/57
Munich D-53, 9/20/57
Rome D-313, 9/6/57

Joze Soba, Yugoslav, now living in Trieste, was commissioned by the Yugoslav Government to procure 100 tons of TEL for eventual shipment to Czechoslovakia via Austria. CA-1800 also stated that Soba had already managed to ship some TEL to Yugoslavia, by utilizing the services of the Fratelli Gondrand Shipping Company. This instruction further reported that Soba had offices in Munich, from which he supposedly coordinates all "black market" deals in West Germany and Austria.

Little additional information has been obtained concerning these activities of Soba.

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<u>DCP</u> <u>Case No.</u>	<u>Name</u>	<u>Reference</u>
469	Boric Acid Netherlands/W.Germany/China Gebrs. Melman	Berlin D-169, 9/9/57 POLTO A-96, 9/20/57 The Hague D-240, 9/24/57 POLTO A-103, 9/25/57

Berlin's D-169 reported a contract between Melman and CNIEC Peking, for the shipment of 120 M. tons of U.S. origin boric acid to Gdynia and thence to China. Melman appeared to have already had the 120 tons or to be certain of delivery. Shipment from either Rotterdam or Hamburg appeared likely. The information has been given to Netherlands authorities who indicated that they would investigate the case. In addition, further efforts are being made by BFC and U.S. posts to identify Melman's present sources of supply and modus operandi.

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